improvidence and indiscretion on the part of any individual officer, but he undermines the president's authority behind his back and admonishes officers and subordinates and notifies people dealing with the society to have their transactions with himself, stating that the president's wishes, action and judgment in any matter may be ignored.

"Many instances of this could be given. Mr. McIntyre, who is regarded as the personal representative and spokesman of the vice-president, has not only carried out transactions without their submission to the president, but, on being questioned as to the president's attitude or approval of such transactions, has in repeated in-stances expressly stated, in answer to such inquiries, that it made no difference.

This has been done behind my back and in the most persistent manner, showing a settled purpose on the part of the vicepresident to break down the authority and influence of a superior officer and at the same time to increase his personal influence and control of the financial operations of the society without regard to propriety or the effect upon the society of the methods adopted by him."

SOCIETY'S INVESTMENTS CARRIED IN HYDE'S NAME.

Mr. Alexander further stated that Mr. Hyde had committed the society upon his own responsibility to enterprises on which he should have consulted others, and mentions further "the very extensive purchase of the stock of the New York Central Railroad Company made under the urgency and persuasion of Mr. Hyde for the purpose of reating a basis for a request on his part for election to the board of directors of the New York Central Railroad." Continuing, Mr. Alexander said:

"He [Mr. Hyde] has displayed a strong personal ambition and an inordinate and unsafe love of prominence, a quick responsiveness to flattery, a pliancy in the hands of persons whose interests are not neces-sarily parallel to those of the policyholders of the society. This, in conjunction with his conception of arbitrary power and right as the holder of the control of the stock, renders him a highly unsafe official."

As illustrative of the foregoing charge Mr. Alexander gives the names of fortysix corporations in which Mr. Hyde had procured his election as director, and says hat as an aid to his election in certain of them he has had large amounts of stock which are owned by the Equitable in these companies transferred to his individual name and that he now appears in many instances as a very large stockholder of record, when, as a matter of fact, the Equitable is the real owner of the stock.

Mr. Alexander instances the Equitable holdings of stock in the following companies, all standing in the name of Mr.

Long Island Raliroad Company, 4,600 shares. Interborough Raliway Company, 2,400 shares. The Delaware and Hudson Company, 10,000 shares purchased on Aug. 11, 1903, and placed in the name of James H. Hyde by his procurement. Manhattan Railway Company, 12,800 shares. New York Central and Hudson River Railroad

Company, 12,000 shares.

Hibernia Bank and Trust Company of New Orleans, 1,600 shares.
Pennsylvania Railroad Company, 10,380 shares.

Chicago and Northwestern Railway Company, 2,800 shares common stock, 3,700 shares preferred Chicago, Milwaukee and St. Paul Railroad Com-

pany, 500 shares. New York, New Haven and Hartford Railroad Company, 3,006 shares.

Bank of Montreal, 800 shares.

First National Bank of Denver, 1,100 shares.

with the society's executive comm. ee, and with no consideration as to the propriety of accepting such positions and the compatibility of their varied and extensive duties with his work as an officer of the society or with his freedom of attitude as the representative of the society's in-actions the report says:

"In one case in which the syndicate profit
"In one case in which the syndicate profit scelety to be represented upon the boards of companies whose securities the society holds that representation should not be centered in one person, who cannot by any possibility give proper attention to the duties of so many positions.

"As a further illustration of the statements contained in the foregoing specification, I mention the fact that he has, in return for election to the boards of various companies and as an inducement or reward for such recognitions by other companies, displayed a partial and ready willingress to extend to such companies and to individuals interested therein pecuniary and other favors from the Equitable. On t is subject I must defer complete specification until reports now under way are fnished and submitted to me.

" 'He [Mr. Hyde] has acquired a wide celebrity and unpleasant notoriety by reason of his recreations and enjoyments of a more or less public nature, which is exccedingly hurtful to the company, disquieting to its policyholders and discouraging to its agents. And this notoriety cannot te said to be a misfortune that has overtaken him, because he has cultivated it, striven for it and even used the instrumentalities that he commands in the society

HYDE'S "FLIPPANT, CHEAP NOTORIETY." "I deem it unnecessary to make any ex-tended enumerations under this specifica-tion. I do not wish to seem to attach an importance to matters which may be defended as merely matters of private conduct. Many things harmless in them-selves and of little importance to one indifferently situated become of very great mportance when the person under consid-ration occupies a conspicuous position the management and control of a great

eration occupies a conspicuous position in the management and control of a great life insurance institution.

"Public coaches, special trains, elaborate banquets, coatly and ostentatious entertainments, accompanied as they are by continuous notoriety of a flippant, trivial, cheap description, are not only damaging to the influence of Mr. Hyde as an officer of the society, but are directly hurtful to the society. They suggest a lack of serious attitude and feeling toward his duties as an officer of the society, a deflection of his time and energies into channels and pursuits from which the society can gain no advantage, and from which, on the contrary, it may suffer. They suggest by their obvious expensiveness the possibilities of enrichment in the service of the society which should not exist and are impossible to explain, and by virtue of the publicity attending his life these pursuits are matters of notoriety and prove a serious obstacle to the success of the work of the society's agente upon which its growth and vigor detend." agents upon which its growth and vigor

ALBIANDER ENEW OF NO ADVERTISING

Mr. Alexander says that Mr. Hyde is absent from his post at least half of every year, spending his time chiefly in Paris, where he has a residence. Concerning the Cambon dinner, Mr. Alexander says it cost \$12,500 and that it was paid for by the society without his knowledge. Mr. Hyde in his letter turning back the money said that the dinner was given to advertise the society. Mr. Alexander says he was not a ware of this and that he accepted an invitation in entire ignorance of the fact that he

was participating in an advertisement of the company and that he did not learn the real reason why the dinner was given until two and one-half years after.

He calls attention to the fact that Mr. Hyde is vice-president of the Mercantile Trust Company, at \$12,500 a year; vice-president of the Equitable Trust Company, at \$10,000 a year, and vice-president of the Commercial Trust Company of Philadelphia at \$2,500 a year. Mr. Alexander continues: continues:
"I think the committee should ascertain

"I think the committee should ascertain whether there are other companies from which Mr. Hyde is in receipt of salaries. The salaries paid to him by the Equitable Trust Company and the Mercantile Trust Company are full pay for an active and experienced vice-president giving his whole time to his duties. Mr. Hyde has no right to accept a position which necessitates the withdrawal of any of his time or attention from his duties as the vice-president of the Equitable Life Assurance Soci ty. He procured his election to the vice-presidency of the Equitable Trust Company and the Mercantile Trust Company without consultation with me or the executive consultation with me or the executive committee or the board of the Equitable Life Assurance Society, and chiefly by reason of the Equitable Life Assurance Society's large holdings of the stock of said companies.

Society's large holdings of the stock of said companies.

"Under the committee's requisition of April 8 there will be supplied to it a record showing the salaries paid by the Equitable Life Assurance Society to the various employees identified with Mr. Hyde. I am informed that there are carried upon the society's payroll a number of persons who render no service to the society but whose time is completely taken up in the performance of personal services to Mr. Hyde. I shall furnish additional details as soon as possible on this subject.

Hyde. I shall furnish additional details as soon as possible on this subject.

"I find that Mr. Hyde has drawn for sundry expenses from the society since Jan. 1, 1900, a sum approximating \$75,000. These sums are variously charged to traveling expenses, sundry expenses and entertainment expenses. But very little could be justified on the score of traveling expenses, as Mr. Hyde's duties are in no wise connected with the agency side of the society's business, and I respectfully refer the subject to the committee's examination, as the withdrawals under these headings are obviously excessive. are obviously excessive.

SAYS HYDE RAISED M'INTYRE'S SALARY. "I also have discovered from recent examinations that Mr. Hyde has arbitrarily examinations that Mr. Hyde has arbitrarily raised the salary of certain of the society's employees without consultation with me or with any committee, and without any semblance of authority to do so. I instance the recent increase of Mr. McIntyre's salary from \$25,000 to \$30,000, upon Mr. Hyde's personal direction; the salary of Mr. Charles F. Williamson, his personal secretary, from \$5,000 to \$7,200; the increase of the salary of Mr. W. B. Bramwell, from \$6,000 to \$7,500.

salary of Mr. W. B. Bramwell, from \$6,000 to \$7.500.

"I further stated:

"'He (Mr. Hyde) has often been remonstrated with and has at times made promises of more careful consideration of the duties of his relations to the society. But these promises are soon forgotten, and his missister that the second record more frequency. takes have recome more and more frequent and aggravated.

"I deem it unnecessary to particularize under this specification beyond its as-

sertion.
"I further stated:
"His connection with the society has become an argument used against the Equitable by its competitors and against which the society's agents confess them-selves unable to make satisfactory head-

"I believe this to be one of the most important specifications which I made in my statement to the committee of twelve. A statement to the committee of twelve. A great amount of evidence can be submitted under this heading. For years the society has been in receipt of protests that have come in increasing frequency and come in increasing frequency and number from the agents as to the difficulties they experience by virtue of Mr. Hyde's rela-tions to the society as an officer."

Company, 3.606 shares.

Bank of Montreal, 800 shares.
First National Bank of Denver, 1.100 shares.

MADE DIRECTOR THROUGH EQUITABLE HOLDINGS.

Continuing, Mr. Alexander says;

"The amounts of the stock held by the
Equitable in the foregoing companies may have increased or diminished slightly since the original purchases from the record of which the foregoing facts are taken.

"In some of these companies he is a member of their governing or executive committees. These positions he has procured without consultation with the presilent of the society, save in a few instances, or with the goisety's avocutive committees. HYDE TELLS OF SYNDICATE OPERATIONS. ciety and six of them memt ers of the executive and finance committees. Besides ?!". Hyde, the members of the board who rarticipated were V. P. Snyder, H. C. Deming, C. H. Squire, James W. Alexander, W. H. McIntyre, A. W. Krech and Louis Fitzgerald. Commenting upon these transactions the report says:

> was \$30,210.38, the society now holds the securities purchased, which at present quotations show a loss of about \$60,000. "In all other cases the society has either made a profit, or could make a profit by selling the securities at the present market. "The net result to the society of the purchase of these syndicate securities has been a very considerable profit. If the society had acquired the securities by taking allothad acquired the securities by taking allot-ments in the original underwritings to which the Hyde syndicate was a party, it would have made larger profits. The profits would have been greater by \$186,-107.13. Or if the society's directors who figured in the syndicate had acted solely for the society, the society's profit would have been \$187.741.50 greater than it was.

DIRECTORS SHOULD RETURN PROFITS TO "In this course of dealing with a corpora tion which they were serving in positions of the highest trust and delicacy these officials were guilty of a breach of propriet and a serious breach of trust, which, so far as the principle of the thing is concerned, is not mitigated by the fact that the society has lost nothing by the transactions but is the gainer by reason of the subsequent increase in the market value of the securities

which it purchased.

"The committee has been advised by Mr. Hyde that he has deposited with the cashier of the society his check for \$61,446.92, the amount of his share of the profits on the aforementioned transactions, with the request that the board decide whether those society rightfully belong to himself or profits rightfully belong to himself or to the society. The committee recommends that the board inform Mr. Hyde that in its opinion those profits were obtained in vio-lation of the rights of the society and that therefore he is indebted to the society in an amount equal to the profits in question, and that his check for that amount will be placed to the credit of the society.

"The committee finds as a fact that the syndicate operations were conducted as described in Mr. Hyde's letter of April 27 for the benefit of the persons, and in the proportions therein named, and that the proportions therein named, and that said persons received the respective amounts detailed by Mr. Hyde, and that such of them who were directors and members of the executive committee at the time the purchases of said securities were authorized are likewise indebted to the society in such amounts with interest."

Concerning the charge made by Manual Concerning the charge made that the charge made the ch

Concerning the charges made by Mr. Alexander against Mr. Hyde, the report says that the president should certainly have disclosed their nature to the board of have disclosed their nature to the board of directors in order to prevent the reelection of Mr. Hyde as vice-president last February. Mr. Alexander knew or thought he knew, the report says, long before the annual election of the grossest sort of breach of duty on the part of Mr. Hyde, and though protesting against his reelection for reasons of his own he failed to disclose to the board of directors this breach of duty, which would have been a sufficient reason for not reelecting Mr. Hyde. The report continues: report continues:

ALEXANDER ENCOURAGED HYDE'S IRREGU-LARITIES.

with the exercise of their responsible duty of electing the officers of the society.

"Not only has Mr. Alexander concealed from the directors the irregularities of Mr. Hyde, of which he was cognizant and of which he now complains, but Mr. Alexander openly encouraged them. In so important a matter as aiding in the proper conduct of the examination that the by-laws of the society provided the fiscal or examining committee should make of 'the accounts and assets of the society at the close of each fiscal year,' Mr. Alexander openly advised Mr. Hyde while he was entirely under his tutelage that this might, and should, be ignored.

"Nov. 14, 1904, Mr. Alexander wrote to Mr. Hyde:

Mr. Hyde:
"I don't kn-w just when Willie is to return, but I suggest, with your concurrence, that he be charged with the responsibility of steering the fiscal committee when it meets. We have two new members on it, and it is just as well that they should all be under reasonable observation. Let him remember that the only duty of this fiscal committee is to prove our annual state-

remember that the only duty of this liscal committee is to prove our annual statement.

"It is not their province to go into the management of the company, or to express opinions about methods. When they come to proving what we call our 'ledger balances,' it has been the usage that the chairman of the committee (Mr. Wheelock?) should make the comparisons and the committee adopt his report. I shall cross this off my memorandum and you can, if you like, lay it aside for Willie on his arrival, unless you have some other views."

"From letters of Mr. Alexander to Mr. Hyde which the committee has examined the committee firds that he flattered and encouraged Mr. Hyde in methods wholly vicious and tending to autocracy in the administration of the society's affairs.

"The committee also finds that so far as Mr. Alexander's charge against Mr. Hyde is true, namely, 'that he has displayed a strong personal ambition and an inordinate and unsafe love of prominence, a great responsiveness to flattery, a pliancy in the hands of persons whose interests are not necessarily parallel to those of the policyholders of the society,' that Mr. Alexander is largely responsible.

"The committee finds that many of the charges of Mr. Alexander against Mr. Hyde are true, or measurably true.

COMMITTEE'S SUMMARY OF HYDE'S MISDEEDS

COMMITTEE'S SUMMARY OF HYDE'S MISDEEDS "The evidence submitted satisfies the

committee:
 "First—That Mr. Hyde has habitually involved the society in transactions, especially of purchase of securities, which were of great magnitude, without the previously obtained authority of the executive committee. mittee.

Second-That he carries large amount of stocks belonging to the society in his own name without there appearing any minute of any act of directors or committee

authorizing it.

"Third—That he has used the funds of the society to pay for certainly one social entertainment given in his name and the name of one other director of the society.

"Fo rth—That he has shared in the profits made by buyling syndicates in effecting made by banking syndicates in effecting sales of securities to the society at a time when he was a member of the committee which made the purchase, he frequently would be a committee to the committee which made the purchase.

voting for the same.
"Fifth—That he has been guilty of other

"Fifth—That he has been guilty of other acts which were irregular and not in compliance with the society's law or with sound business practises.

"The committee has fully considered Mr. Hyde's explanations of these charges. In the main he seeks to exonerate himself by pleading the custom of the society, the participation of others, the return of money improperly acquired or used, and the beneficial results to the society. As it is the function of this committee to determine what is wrong in the society's it is the function of this committee to determine what is wrong in the society's management, Mr. Hyde's arguments cannot avail. The practises he has pursued are wrong. The fact that others have pursued them or acquiesced in them only convicts them of equal guilt."

The report says that instead of being a check on each other the executive and finance committees are made up of the same men. A number of gentlemen meet and do certain acts as the executive com-

same men. A number of gentiemen meet and do certain acts as the executive committee. They adjourn and immediately reconvene as the finance committee and approve the acts of themselves while in session as the executive committee. For permitting this state of affairs the board of directors is held responsible, and the report recommends that the two committees of the certain acts and the committees of the certain acts and the committees of the certain acts and the certain acts and the committees of the certain acts and the certain acts are committeed. tees named be reorganized.

Speaking of the work of the executive committee and the interesting question

of salaries paid the report says: EXTRA AGANT INCREASE IN SALARIES.

"There are no resolutions whatever bearing on thes alaries of officers or others, lution advising the directors to pensions to two retiring inedical directors.
"In addition to the formal minutes of the committee there is a large amount of what are called' Memoranda Minutes These are typewritten sheets containing a list of securities bought and sold, and it is assumed that in each case the executive committee approved of such transaction.

"The executive committee appoints sub-committee of two to adjust salaries." There are no minutes covering the report of such sub-committee; but it is verbally stated that the sub-committee gave direc instructions to the comptroller as to the

instructions to the comptroller as to the rates of salaries to be paid. The sub-committee fixed salaries of higher executive officers only—those of subordinates being arranged by their chiefs.

"The last sub-committee on salaries of which there is a record on the minutes." (December, 1902) was composed of two persons, one of whom receives a salary from the society and the other a salary from an institution in which the society is largely

"There are in 1905 thirteen executive officers in the society who held the same positions in 1900.

"In 1900 these thirteen officers received salaries aggregating \$297,000. In 1905 the same officers received salaries aggregating \$448,500, an increase of \$150,900, or 51 per

ont.
"Of the thirteen officers, three have received no increase in salary since 1900. Deducting these, the average rate of increase to the other ten has been 61 per cent. The salaries of six of the thirteen show an

"The salary of the vice-president, which was \$30,000 in 1900 and 1901, was advanced vas \$30,000 in 1802 and to \$100,000 in 1803. The rapidity of these increases is not only unusual but there can be no warrant for them through any question of ability to retain the officer's services at lower rates of compensation.

"At the time the vice-president received

At the time the vice-president received a salary of \$30,000 he was 24 years of age. When his salary was increased to \$75,000 he was 26, and when it was again increased to \$100,000 he was 27 years old. These facts indicate that the experience of the officer in question could hardly have been considered a factor in the estimation of the value of factor in the estimation of the value of

his services.

"It is found that the vice-president of the society, in addition to holding the presumsociety, in addition to notding the presum-ably purely honorary position of director in over forty corporations, is vice-presi-dent of three companies from which he receives salaries aggregating \$27,000." \$12,000 A YEAR FOR TARBELL'S WOMAN SEC

In the table presented showing the in-In the table presented showing the increase of salaries since 1900 appears the name of Anna L. Amendt, secretary to Vice-President Tartell. Five years ago she was drawing \$4.200 a year. In 1901 her salary jumped to \$7.200, in 1903 to \$10,000 and this year to \$12.000. The percentage of increase in her pay for the period covered was 185.7. While on this subject the report says:

RETARY.

The way in which the directors, through "The way in which the directors, through their executive committee, and that committee, through its sub-committee, have increased the salaries of the principal officers of the society quite naturally does not, in its effect, end there. An examination of the office payrolls shows that the treatment received by each officer from the board is generally reflected in the treatment accorded by him to his subordinates.

"In those departments of which the heads have received no increase in salaries, the salaries of the working force have remained salaries of the working force have remained constant or have shown such slight increase as appear to have been no more than con-sistent with the general tendency of salaries in all industries. On the other hand, those officers who have themselves been rapidly advanced have quite generally seen that their subordinates shared in their prosperity

-at the society's expense.
In the vice-president's office four employees who received in the aggregate

The summer fashion designs in the superior

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\$5,444 in 1900 receive \$13,900 in 1905, an increase of 155 per cent. In the second vice-president's office, six employees who received \$10,720 in 1900 receive \$24,840 in 1905,

ceived \$10,720 in 1900 receive \$24,840 in 1905, an increase of 132 per cent.

"The total salaries paid to employees of the president's office has increased 48 per cent. since 1900, of the vice-president's office 134 per cent. and of the second vice-president's office, 126 per cent. The total office payroll of the society increased from \$770,282 in 1900 to \$1,177,501 in 1904, or 53 per cent. As compared with this, the total income of the society increased but 36 per cent. from 1900 to 1904."

On the subject of making advances to agents the report says that while the practise

cent. from 1900 to 1904.

On the subject of making advances to agents the report says that while the practise is almost universal such advances have never been recognized as assets by the insurance departments, and there has been a very general inclination on the part of most companies to cease the practise and close out these accounts as rapidly as possible. In November, 1894, the Equitable carried \$2,809,000 cm its books as loans to agents. By the transfer of the bulk of this account to the trust companies, says the report, it has appeared as a much smaller amount on the society's subsequent statements. In the majority of cases the amount of one agent's loan which is carried by a trust company is exactly five times the appraised value of his annual renewal. The amounts carried on the society's books are in most cases sums in excess of the fivefold limit accepted by the trust companies.

The company is also criticized for carry-The company is also criticized for carrying excessive cash balances. The society, the reports says, is not subject to sudden or unexpected calls for unusually large sums in the regular course of is buisness. Yet on Jan. 31 last it had a cash balance of over \$29,000,000 deposited principally with the National Bank of Commerce, the Mercantile Trust Company and the Equitable Trust Company.

"ENTANGLING ALLIANCES WITH AUXILIARY

ENTANGLING ALLIANCES WITH AUXILIARY COMPANIES.

COMPANIES.

Under the head of "Entangling Alliances with Auxiliary Companies" the report discusses the society's interest in banks and trust companies and says that, judging these investments either on general principles or on specific results, their wisdom is "gravely questionable."

"Having made the investment." the report says, "the society finds it necessary to protect and nurse it. The society then finds itself involved with interests which, to quote the words of President Alexarder used in another connection, 'are not neces-

used in another connection, are not neces-sarily parallel with those of the policy-holder.

holder.'
In the remarks under the heading of 'Excessive Cash Balances.' it has been shown that the society carries abnormal balances with those concern, in which it holds a considerable stock interest; and the society's comptroller says that the reason for this 'must be obvious.' The reason for this 'must be obvious.' The fact that the society does not carry excessive balances in institutions in which it does not have a large stock ownership indicates that these large balances are maintained for the purpose of aiding the concerns with which they are deposited. In making these investments, the society is concerned not merely in the amourt it realizes in dividends as constituting a proper return on the investment, but becomes actively engaged in the building up of the auxiliary concern in order to show appreciation in market value of the original investment.

ciation in market value of the original investment.

"Having been committed to such a policy complications increase which force the society away from the position of an investor, which it should occupy, into that of a promoter and manipulator, which it should not occupy. Under date of Aug. 30, 1901. President Alexander writes to 30, 1901. President Alexander writes to Mr. J. H. Hyde: 'I am glad you watch the lank, and that it is doing so well, but we must perform some ccup and increase its size and importance. Also in the case a ccuple of trust companies and double up that concern. It seems needless to state that the making of 'ccups' to enlarge tanks or the buying of trust companies are not proper su' jects of concern to a life

"Under date of July 23, 1903, President "Under date of July 23, 1903, President Alexander writes: 'As to money, several thousand shares of stock can be bought, as you recognize, for a moderate sum of money. We are just turning over a mortgage of \$300,000 to the Mercantile Trust Company, which will give us some more funds, and we have got some further sales of bonds on the tapis. I am anxious to be ready for paying for that million dollars of securities on Aug. 3, and I think we had better arrange in some way with Kuhn, hetter arrange in some way with Kuhn. Loeb & Co. about that Great Northern lean, which doesn't fall due until the 10th,

so as to meet this."

"We here see the expressed desire to purchase securities, the mention that so insignificant a sum as \$300.000 is available and the hope expressed that certain loars will be cleared off so as to provide funds, yet on July 23, 1903, the society had on denominally subject to check, the sum

f \$37,945,958.72. "Und r date of Aug. 13, 1903, President Alexander speaks of the unusually favor-able oppo tunity to make investments, and then says: We would be buying a good many such things were it not that we are so strapped for money by engage-ments already made, and 'All this is very annoying, because if we had five or ten millions of dollars to invest now we would make a great deal of money. "The society had on deposit Aug. 13.

"The society had on deposit Aug. 13, 1903, \$36,399,788.82. At the times when Mr. Alexander spoke of the great possibilities of making money, if it only had available funds, the society had at least twenty-five milli ns of dollars which, under ordinary conditions, would have been persectly available, but which, through allighted with other concerns were so tied up.

ances with other concerns, were so tied up that the opportunity was lost. "These conditions may help to explain the fact that during the five years 1899 to 1903 inclusive the Equitable society realized next to the lowest average rate of interest on its invested assets of the thirty companies tabulated by the Insurance Year Book, while in the year 1903 it stood absolutely the lowest on the list. "The foregoing has treated the subject from the standpoint of general principles. Measuring the wisdom of this class of in-

vestment by specific results, an illustra-tion may be taken of the results of the society, for the year 1904, of its relations with the Equitable Trust Company. "The book value of the society's holdings in Equitable Trust, plus its average deposits during 1904 in that institution, amount to \$17,370,000. The society's income from that investment, consisting of 2 per cent. interest on deposits and 12½ per cent. dividends on the par value of its stock holdings, amounted to \$399,182, or 2.3 per cent. on the total investment."

The report says that the society should purchase no bonds or stocks which require manipulation or nursing. It should

Fierce Fight to quit COFFEE But easy when you have choice, well made

make no purchases of securities where their subsequent sale could ever be unadvisable for any other reason than general market conditions. In other words, it should be a life insurance communication. a life insurance company. DEFERRED DIVIDEND POLICIES CONDEMNED. On the subject of deferred dividend poli-

cies the report says:
"The Equitable, in common with several cies the report says:

"The Equitable, in common with several others of the large companies, issues the greater portion of its policies on the deferred distribution period plan. Under this system the excess portion of the premium is not returnable to the policyholder annually, but is retained by the society for various stipulated periods of years (usually twenty years) and the accumulations then paid in one sum. The advantage which is held out to the policyholder under this system is that he not only eventually receives all the natural accretions of his own policy, but shares in those which were earned by the policies of those who were unable to continue them to the end.

"The question as to the ethics of extending the hope to one policyholder that his prosperity will be increased through the misfortune of another policyholder is purely academic and need not be discussed here. As each policyholder understood the conditions, and accepted them with the hope that he would be in the fortunate class, he would seemingly be estopped from complaint if events forced him into the unfortunate class.

"But, entirely aside from this question

mate class.

"But, entirely aside from this question as between the individual policyholders, there can be no doubt concerning the at least potentiality of evil which this system of deferred distribution possesses.

When annual dividends are paid the policyholder has an immediate and veerly re-

When annual dividends are paid the policyholder has an immediate and yearly recurring check upon the operations of his company. He is enabled and is quite apt to compare his results with those of his acquaintances insured in other companies. Extravagance in management and errors in investments are at once reflected in decreased dividends or impaired surplus. "On the other hand, the holder of a twenty years distribution period policy has no knowledge whatever concerning the earnings of his policy until the expiration of the twenty years. He cannot make comparisons with the results in other companies because he does not know the results in his own case. He entertairs hopes for nineteen years, and if dissatisfied with the realization at the end of twenty years it is futile for him to protest. The incident is closed.

realization at the end of twerty years is futile for him to protest. The incident is closed.

"These conditions are mentioned for this purpose—to illustrate the possibility of deferred distribution policy leading the society into a generally lax method of handling its business. The annual dividerd company is held to accountability every year. The deferred dividend company is never held to accountability by the whole body of its policyholders, and is so held by its individual policyholders only when their opportunity for action has passed.

"This absence of accountability makes possible the pursuit of rapidity of growth at undue cost because the effect of that cost is not felt by the policyholder ur til, as said before, it is too late for his availing protest. Another embarrassing outgrowth from the deferred dividend system is the popular misapprehension of the socalled "surplus."

POPULAR MISAPPREHENSION OF THE SUR-

"The society's published report shows a surplus as at Dec. 31, 1904, of \$50,794,209.00; and popular sentiment demands that this enormous sum be divided among the policyholders. There is even seen a discussion of the ownership of the surplus—as between policyholders and stockholders. As a matter of fact, the actual surplus of the society on Dec. 31, 1904, was appreximately society on Dec. 31, 1904, was approximately \$10,200,000.00. Of the talance, \$6,750,000.00 was apportioned for dividends payalle in 1905, and \$63,500,000.00 is merely a reserve

1905. and \$63.800.000.00 is merely a reserve against a future contingent liat liity. That is, it is the amount which has been earned by the total number of deferred dividend policies, and which becomes a direct liability as each individual policy matures.

"The soliciting agents of those companies which write almost exclusively deferred dividend policies habitually state that the superiority of that form of policy is demonstrated by the fact that the public invarially selects it in preference to the annual dividend policy. As bearing on this statement, it is of some interest to know that the Equitable society allows its agents commissions and expenses of 50 per cent. of the first premum on deferred dividend policies, while it allows them but 25 per cent. on annual

it allows them tut 25 per cent. on annual dividend policies.
"The rush for business has magnified the importance of the agent until we find him assuming a place in the councils of the society never contemplated in its intorted proportions.

"' he general policy of the society having been diverted from its true course it is hardly to be wondered at that there is found throughout its official personnel a sort of moral obliqueness—a condition where personal gain seems to be at times the paramount idea. It is this which has led your committee to find that the society's transactions with outside concerns have so systematically been placed that the profits fall into the hands of those closely connected with the society's officers; and it is this which has led the officers of the society to say with undoubted sincerity that they saw no wrong in accepting profits from syndicate transactions in which the society played an important part."

Concerning the directors the report says:
"First—That the title of the gre t majority
of the board to their office as directors is pen to question under the law of the society by reason of the fact that the shares of stock held by them were transferred to them for the purpose of qualifying them as directors.
"Second—That this practise of qualifying directors is simost coeval with the existence of the society itself, and, further, that there has not been a time for years when there were enough male stockholders in the corporation owning five shares of stock to constitute the number of directors re-quired by the charter; indeed, at the present date, not more than half enough for that

purpose.
"Third—That the directors, in whom the corporate powers of tracciety are vested directors delegated the exercise of substantially all the powers of the society.

"The committee further finds that the relation of the board of directors to the exercise of the society's powers has been

practically nominal since the establishment of the society.

"Fourth—That the directors are responsible for constructing the executive and finance committees of the same persons (except one), thus destroying the check upon and the supervision over the executive committee which the by-laws provide shall be exer-cised by the finance committee. The com-mittee recommends the reorganization of

mittee recommends the reorganization of the secommittees. "Fifth-That the minutes of the proceedings of the executive committee have not been kept in the manner provided by the by-laws, and that in the conduct of its business there has been a marked absence of that formality which is proper, if not essential, in dealing with a trust of such magnitude. great magnitude.
"Sixth—That the members of the execuive committee named in Mr. Hyde's letter

to the committee of April 27, 1905, partici-pated with Mr. Hyde in the profits of the syndicates, detailed in said letter, and are ustly indebted to the society for the amount

justly indebted to the society for the amount of said profits."

The report sums up the case against Mr. Alexander as follows:

"As to the president of the society the committee finds that he concealed from the board of directors his knowledge of the irregular conduct of the vice-president in relation to the society's affairs at times when the vice-president was a candidate for reelection, and that the president had knowledge of these irregularities to the extent that the committee finds they existed, and that many of these irregularities were openly encouraged and participated in by the president."

SUMMARY OF IRREGULARITIES DISCOVERED. SUMMARY OF IRREGULARITIES DISCOVERED.

The committee also finds that Mr. Alex-The committee also finds that Mr. Alexander participated in the profits of the syndicates and that he is justly indebted to the society for the amount thus secured by him. As for Mr. Hyde, the committee finds that "he habitually involved this society in transactions of great magnitude without previously obtaining authority of the executive committee; that he carried large amounts of stocks belonging to the society in his own name without first having secured the authority of the society; that

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he used the funds of the society to pay for, the 'Cambon dinner' (which he subsequently returned); that he conducted and participated in the profits of the syndicates described in his letter of April 27, 1905, having frequently as a member of the executive committee voted for the purchase of such securities as shown in said letter in detail; that he is indebted to the society to the amount of the profits he has received as shown by his letter; and that he has been guilty of other irregular acts, irregular in the sense that they are not in accordance with the society's law or with sound business practises, treating the society and its affairs largely as if they were his own personal concern."

In conclusion the report says:

RADICAL REORGANIZATION DEMANDED.

RADICAL REORGANIZATION DEMANDED. "As to the other officers of the society the committee finds that a general loose As to the other omicers of the society, the committee finds that a general looseness has previled in the administration of the society's affairs requiring prompt and thorough rectification, and that there is a general lacking in the organization of that strong moral fiber so essential for the accomplishment of satisfactory results.

"The committee also finds that the society's methods of doing business are unsystematic and should be corrected; that the cash balances carried by the society are excessive; that the society's alliances with financial institutions are unnecessary and undesirable in the conduct of its legitimate business; that its advances to agents, directly and through financial institutions in which the society is interested, are excessive, and that the society's efforts should be directed to conducting a strictly legitimate life insurance business at the lowest cost to the insured along the general lines

cost to the insured along the general lines hereinbefore indicated.

"The imperative need in this and all other similar associations is a more lively sense of the true nature of the relations existing between the society and the assured and of the duties owing by the management to

"When we consider that the fabulous "When we consider that the fabulous accumulations held by such associations represent a voluntary tax placed by the provident upon their lives, and when we recall the tremendous self-denial and sacrifice that is represented in daily living to secure provision against the inevitable, then we begin to realize the high and delicate nature of the trust involved in the administration of such a fund.

"Every economy consistent with sound

administration of such a fund.

"Every economy consistent with sound administration and normal progress should be practised. Excessive salaries, excessive commissions, excessive expenses and superfluous offices should not be tolerated.

"Investments should be carefully made and all the useful formal precautions employed to insure the location of the more." ployed to insure the location of the moral responsibility of the officers who are charged

e duty of The committee, having pursued its investigation of the present mangement of the society sufficiently far to convince it that the personnel of the management should be radically changed and the methods of conducting the business of the society brought back to sound legal and ethical lines, begs to be relieved from further duty.

ther duty.
"The committee desires, however, to recommend that further investigation, as indicated in its chairman's letter of April indicated in its chairman sletter or, April s to Mr. Alexander, which the committee did not find necessary to pursue before making this report, be proceeded with by a reorganized management whose immediate connection with the sources of inmediate connection with the sources of information, undivided time for the work and personal responsit ility for the future management will enable them to conduct the investigation more thoroughly, expeditiously and satisfactorily than it would be possible for the committee to do. The committee also recommends that the new statement was at the committee also recommends that the new statements and the committee also recommends that the new statements are the committee and the committee also recommends that the new statements are the committee and the committee also recommends that the new statements are the committee and the committee also recommends that the new statements are the committee and the committee and the committee also recommends that the new statements are the committee and the committee also recommends that the new statements are the committee and th management have a thorough audit made of all the society's books and records WOULD OUST ALEXANDER, HYDE, TARBELL.

"If other irregularities in the present management are brought to light they will be only cumulative and therefore could not affect, one way or the other, the finality

of the conclusions expressed above.

"The extraordinary powers of the principal officers of the society carry with them the highest measure of responsibility. The committee finds that of these the president, vice-president, and the second vice-president have fallen far short of their president have fallen far short of their duty both in acts of commission and omis-sion, and changes in these officers should be made. The loose and irregular methods obtaining in the management are largely due both to the example of the acts and the example of the neglect of these officers. example of the neglect of these officers. The shortcomings in inferior executive officers are largely due to the methods which the principal officers have encouraged or permitted, and so far as correction of these irregularities calls for further removals of officials that matter should be dealt with and largely controlled by the judgment of the reorganized management." ment

A WIDOW'S SUICIDE. Last Seen Alive When She Decorated Her Husband's Grave.

The body of Mrs. Volburg Peterson, the widow of a Danish-American who kept a widow of a Danish-American who kept a notion store at Green and Jamsica ave nues, Richmond Hill, prior to his death a year ago, was found in Forest Park early-last evening with deep gashes in both wrists, a portion of a leather belt around her neck and the other portion hanging from the limb of a tree. Apparently she had attempted suicide first by hanging and had then resorted to the knife. then resorted to the knife.

She had some money, but she had no relatives in this country and had become despondent. She was not seen since she started to decorate her husband's grave on

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ALLEGED SWINDLER CAUGHT. Accused of Obtaining \$900 Worth of Bu

Under False Pretenses. POUGHKEEPSIE, June 2.-Albert C. Minkler of Ansonia, Conn., alias D. W. Williams and G. A. Watson, who gave his occupation as an insurance agent, was arrested at the American Express office here this morning,

American Express office here this morning, charged with grand larceny in the second degree on the complaint of Chief of Police Hood of Kingston, N. Y.

Minkler had a receipt for rugs valued at \$900, obtained, it is alleged, under false pretenses from the L. B. Van Wagnen Company of Kingston. When searched a great mass of pawntickets and money order receipts were found in his pockets, dated from Springfield, Waterbury, Derby, Ansonia, New Haven and other points in New England. A number of the pawntickets were for high grade typewriting machines, pledged under various names. He also had checks drawn on eastern banks, numbered and signed in regular farm.

had checks drawn on eastern banks, numbered and signed in regular farm.

Minkler purchased a large amount of furniture from the Van Wagnen Company, which he endeavored to have reshipped from the point to which he ordered it sent. This property was discovered, but he got away with the rugs. Minkler is about 30 years of age. He has no criminal record that the police here know of.

St. Peter's Church to Be Reopened. The extensive changes in old St. Peter's Roman Catholic Church, in Barclay street, are practically completed and the church be formally reopened to-morrow.

Arobbishop Farley will consecrate the main altar at the 11 o'clock service. Mass will be celebrated by Bishop Cusack, the auxiliary Bishop of New York, and the Rev. William O'Brien Pardow, the Jesuit preacher. will preach the sermon. President Declines to Visit Ohio State Fair. WASHINGTON, June 2 .- President Rooserelt has declined an invitation from the Ohio State Fair Association, which was tendered him through Secretary Taft. The fair is to be held Sept. 4-8, inclusive, and the Ohio managers were very anxious to have President Roosevelt there for a day. Other engagements have been made and the President will not be able to go.

MARRIED.

EDMONDS-MOURRAILLE .- On Thursday, June 1, 1906, at the Church of the Hely Communion by the Rev. Henry Mottet, D. D., Jeanne Louise daughter of Mrs. Gustave Mourraille, to John Worth Edmonds, both of New York.

HAMLIN-WHITTEMORE .- On Friday, June 2 1905, at the residence of the bride's parents, by the Rev. Robert G. Hutchins, Alice Cornella daughter of Mr. and Mrs. Robert James Whitte re, to Dr. Frederick Erastus Hamlin, all of

DIED.

BEALES .- Suddenly, on June 2, 1905. John Charles, Beales, in the 21st year of his age, at the rest-dence of his sister, Mrs. J. R. Steers, Ryc. N. Y. Notice of funeral hereafter.

FLAGG.—On Friday, June 2, 1805, Mary S., widow of Major Henry F. Flagg, in her 67th year. Funeral service at her late residence, 262 West 83d st., on Monday, the 5th inst., at 2 o'clock. Boston and Worcester, Mass., papers picase

LEES .- On Friday, June 2, 1905, William Thomson Lees, in his 52d year. Notice of funeral hereafter.

SEARS .- June 2, 1905, at Southboro, Mass., Joshua Montgomery Sears, aged 50 years.
Funeral private. Friends kindly requested to send no flowers.

THACHER .- On June 2, 1905, at her late residence. 18 West 108d st., Anna Elvertine, wife of Edwin Notice of funeral hereafter.

CEMETERIES.

THE WOODLAWN CEMETERY is readily accessible by Harlem trains from Grand Central Statton, Webster and Jerome Avenue trolleys and by carriage. Lots \$125 up. Tols-phone (4875 Gramercy) for Book of Views or repre-